



INSIGHTS

107th Congress

March 5, 2001

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I. WEEKLY SUMMARY

HOUSE

The House will begin a series of hearings on development of a national energy policy. The full House is also expected to begin debate on the Administration's tax cut proposal.

SENATE

The Senate will focus primarily on the President's FY 2002 budget request.

FY 2002 BUDGET

With so much emphasis on the Administration's tax cut proposal, appropriators are constrained in preparing the 302(b) funding allocations for each of the 13 annual appropriation bills. Members of Congress and outside observers are predicting that allocations will not be announced until May, although subcommittees have already begun scheduling markups for the months of March, April, and May.

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II. COMMITTEE ACTIVITY

HOUSE

Comments or Action Items

Hearing of the Subcommittee on Energy and Air Quality on U.S. Energy Policy – Last week, the subcommittee invited a number of government and outside officials to provide their views on a national energy policy and the role of natural gas. In his remarks, Chairman Joe Barton (R/TX) emphasized the need for a comprehensive plan that incorporates all sources of energy (e.g., renewables, gas, oil, coal, nuclear) and energy conservation. Subcommittee members offered their views, which included their agreement for the need to tap into the full range of energy resources. The Energy Information Administration's Beth Campbell noted the agency's prediction that the price of natural gas will increase in 2001 and then be reduced in 2002 as producers adjust to increased demand. Curt Herbert, who chairs the Federal Energy Regulatory Commission, told the panel that dramatic increases in price "provide the necessary market signal to producers to increase production." He noted that fuel prices increased as a

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result of a combination of factors including weather, demand, and reduced fuel supplies.

Hearing of the Committee on Science on Energy Issues – Discussion focused on how to increase the use of renewable energy. Chairman Sherwood Boehlert (R/NY) told Committee members and witnesses that “My goal this year is to help develop and implement a national energy policy that starts from the assumption that renewables and, even more significantly, efficiency are the keys to our energy future.” Testimony was received from DOE’s Mary Hutzler of the Office of Integrated Analysis and Forecasting. She told the Committee that the agency expects the use of renewables to increase; however, because of cost, the process of adopting such technologies will be slow. She also told the Committee that the use of renewable energy (for all applications including the buildings and transportation sectors) is expected to increase to 8.5 quadrillion Btus in 2020 over the 1999 level of 6.7 Btus.

Committee/Subcommittee Leadership

(NOTE: New chairmen and ranking members are in red.)

Committee/Subcommittee	Chair (R)	Ranking Member (D)
Armed Services	Bob Stump (AZ)	Ike Skelton (MO)
<ul style="list-style-type: none">Military ReadinessMilitary Installations and Facilities	Curt Weldon (PA) Jim Saxton (NJ)	Solomon Ortiz (TX) Gene Taylor (MS)
Energy and Commerce (formerly Commerce)	W.J. “Billy” Tauzin (LA)	John Dingell (MI)
<ul style="list-style-type: none">Energy and Air Quality (formerly Energy and Power)	Joe Barton (TX)	Rick Boucher (VA)
Transportation and Infrastructure	Don Young (AK)	James Oberstar (MN)
<ul style="list-style-type: none">Economic Development, Public Buildings, Hazardous Materials, and Pipeline TransportationHighways and Transit	Steven LaTourette (OH) Tom Petri (WI)	Jerry Costello (IL) Robert Borski (PA)

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SENATE

Comments or Action Items

Hearing of the Committee on the Budget – On March 2, the Committee held a hearing on the President’s FY 2001 budget request. Testifying was the Director of the Office of Management and Budget, Mitchell Daniels. In his opening remarks, Chairman Pete Domenici (R/NM) said, “I believe that surpluses make it more difficult to say ‘No’ sometimes to constituents and cabinet secretaries, and yes, even to members of Congress.” However, he cautioned that he may disagree with the Administration over levels of appropriations, believing that allowing for a four percent increase for inflation will not be sufficient to address Federal funding requirements. Senator Domenici also reiterated his long-held view that a two-year budget and appropriation process may become a reality.

Director Daniels told the Committee that the President proposes a \$26 billion (4 percent) increase in new budget authority over FY 2001. He noted that during the last three fiscal years, Federal spending increased an average of six percent a year, or a total of \$200 billion, over funding caps established by Congress and agreed to by President Clinton in 1997. He told the Committee,

We propose to return to the spirit of the Budget Enforcement Act, by working with Congress on a Budget that sets actual limits on spending, followed by appropriations bills that conform to those limits and passing in a timely fashion. We propose to limit tactical circumventions, such as advance appropriations and bogus emergency spending that has served to evade legal expenditure limits and to confuse the public about how much its governments actually spending.

Mr. Daniels also described the President's new priorities, which include improving housing for the military and providing \$1 billion in new discretionary funds for the Veterans Administration.

Committee/Subcommittee Leadership

(NOTE: New chairmen and ranking members are in red.)

Committee/Subcommittee	Chair (R)	Ranking Member (D)
Environment and Public Works	Robert Smith (NH)	Harry Reid (NV)
<ul style="list-style-type: none"> Clean Air, Wetlands, Private Property, and Nuclear Safety Transportation and Infrastructure 	George Voinovich (OH) James Inhofe (OK)	Joseph Lieberman (CT) Max Baucus (MT)
Governmental Affairs	Fred Thompson (TN)	Joseph Lieberman (CT)
<ul style="list-style-type: none"> Oversight of Government, Management, Restructuring, and the District of Columbia 	George Voinovich (OH)	Richard Durbin (IL)

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III. NEW LEGISLATION

HOUSE

Number	Short Title	Date	Sponsor	Key Provisions	Status
<i>H.R. 811</i>	<i>Veterans' Hospital Emergency Repair Act</i>	March 1	Christopher Smith (R/NJ) <i>Chairman, Committee on Veterans Affairs</i>	Authorizes VA to implement out major medical facility projects using funds appropriated for FY 2002 or FY 2003; cost of any such project not to exceed \$25 million; Requires VA to constitute independent board within VA to evaluate capital investment project's relevance to medical care mission; Directs VA to report to the Committees on Veterans Affairs and	Referred to the Committee on Veterans Affairs

Number	Short Title	Date	Sponsor	Key Provisions	Status
				Appropriations not later than 120 days after project site is selected including recommendations for future Congressional policy for authorizations of major and minor medical facility construction projects	
<i>H.R.813</i>	<i>No Short Title</i>	March 1	Robert Andrews (D/NJ) <i>Committee on Armed Services</i>	Amends Title 10, <i>United States Code</i> , to enable states and local governments to participate in projects under alternative authority for acquisition and improvement of military housing; Requires relevant military branch Secretary to review project proposals from interested governmental entities; proposals will include description of proposed private sector involvement in the project and purpose for which project cash flow would be used during development and operation of the project	Referred to the Committee on Armed Services
<i>H.R.850</i>	<i>National Coast Guard Museum Act of 2001</i>	March 1	Rob Simmons (R/CT) <i>Committees on Transportation and Infrastructure, Armed Services, and Veterans Affairs</i>	Allows Coast Guard Commandant to establish, operate, and maintain a National Coast Guard Museum on Federal lands to be administered by the Coast Guard and specified by the Commandant Allows the Commandant to grant a license to the National Coast Guard Museum Association or similar organization authorizing construction of facilities for the Museum; Terms of the license include donating constructed facilities as a gift to Coast Guard; Directs the Commandant to disallow beginning of construction unless not less than \$10 million are available from non-Federal funds; Allows the Commandant to transfer to the Association up to \$10 million if appropriations are available; Establishes the National Coast Guard Museum Fund	Referred to the Committee on Transportation and Infrastructure
<i>H.R.851</i>	<i>No Short Title</i>	March 1	Bart Stupak, (D/MI) <i>Committee on Energy and Commerce</i>	Amends the <i>Emergency Steel Loan Guarantee Act of 1999</i> ; Prohibits steel companies receiving loan guarantees from investing loan proceeds in foreign steel companies and importing steel products from foreign countries subject to certain trade remedies	Referred to the Committee on Financial Services

SENATE

Number	Short Title	Date	Sponsor	Key Provisions	Status
S.397	No Short Title	February 27	John McCain, (R/AZ) Chairman, Committee on Commerce, Science and Transportation	Amends the <i>Defense Base Closure and Realignment Act of 1990</i> ; Authorizes additional rounds of base closures and realignments in 2003 and 2005; Any selection criteria proposed by DOD relating to cost savings or return on investment from proposed closure or realignment of a military installation shall be based on total cost and savings to the Federal Government resulting from proposed closure or realignment of such military installation; Privatization to be implemented if determined the most cost-effective method versus base closure or realignment	Referred to the Committee on Armed Services

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IV. ADMINISTRATION INITIATIVES

FY 2002 Budget Request – On February 28, President Bush submitted to Congress his FY 2002 Budget Request. **The 207-page document is an abbreviated version of a more detailed request, which will be submitted in April.** Provided below is a summary of the request, highlighting issues of direct and indirect interest to FEMP.

A NEW APPROACH TO BUDGETING

- **Moderate Growth in Government and National Priorities**
 - Moderate recent rapid growth in spending, while funding national priorities
 - Pay down the debt
 - Provide tax relief
- **By the Numbers**
 - Expects U.S. Government to produce a \$231 billion surplus in 2002
 - Moderates recent explosive growth in discretionary spending to 4.0 percent growth in 2002, an increase of \$26 billion over 2001
 - Moderates growth in spending by making reductions in one-time spending, unjustified programs, duplicative programs, and programs that have completed their mission in 2002

BUDGET HIGHLIGHTS OF INTEREST TO FEMP

- **Department of Energy** – *“One of the greatest challenges facing the private sector and State, local, and Federal Governments is ensuring that energy resources are available to meet the needs of our citizens.”*
 - Renewable energy will be an important part of the Nation’s long-term energy supply. The budget proposes “increasing the performance” of existing solar and renewable energy R&D by “winnowing out” less promising projects.
 - Tax credits are proposed for roof-top solar equipment.
 - Existing tax incentives for fuel produced from renewable energy will be extended.
 - Bidding bonuses (estimated to be \$1.2 billion) for oil and gas leases and drilling will be used to finance renewable energy R&D between 2004 and 2008.
- **Department of Interior** – *“The conditions in many national parks have deteriorated in recent years, largely because the expansion in the number of national park units has exceed both the NPS’s ability to manage these facilities as well as the available funding.”*
 - The current Management Reform Program is intended to delete the existing NPS deferred backlog by enhancing procedures for selecting projects and estimating costs.
 - A set of performance measures will be established by 2002 to accelerate reform program.
 - Current deferred maintenance backlog overall (e.g., buildings, facilities, roads) is \$4.9 billion. The proposed budget provides \$2.2 billion over a five-year period to address non-road maintenance backlog projects; FY 2002 budget will include \$400 million to start the process.
 - Recreation fee program will be extended through 2006 to help defray backlog expenditures.
- **Department of Defense** – *“[A] funding increase will allow DOD to address its most pressing priorities. These include relieving some of the housing problems our military troops and their families are currently facing.”*
 - Military housing accounts will receive \$400 million for building improvements and for reducing out-of-pocket housing expenses.
- **General Services Administration**
 - Funds in the amount of \$827 million are proposed for 34 major building rehabilitation projects.
 - Additional projects include: \$97.7 million for repair, restoration and construction of Smithsonian buildings; \$30 million Federal commitment to complete the National Museum of the American Indian; and unspecified funding for renovation of the U.S. Patent Office Building.
 - Advanced funding in the amount of \$276 million is proposed to design and/or construct 13 U.S. Courthouses.
- **Department of Agriculture**
 - Building renovation for existing research facilities and construction of new laboratories has been planned by the Department; the Administration plans to conduct a comprehensive review of USDA’s facilities needs. The proposal reduces facility funding by \$400 million.

- The Administration will study opportunities to privatize and outsource activities; emphasis will be on commercial-type activities.
- Additional rounds of base closures are anticipated (predicts an excess infrastructure of 23 percent).
- **Department of Health and Human Services** – *“NIH is in the process of identifying strategies and policies that could be implemented in 2002 and 2003 and beyond to maximize budgetary and management flexibility in the future.”*
 - Funding may include high-priority construction and renovation projects.
- **Department of Justice**
 - Proposed budget includes \$821 million to modernize and construct new prisons, to bring newly constructed facilities into operating service, and to contract bed space to prevent overcrowding.

White House Task Force on Energy Policy – Last week, Secretary Abraham announced that the task force will require approximately 60 more days to complete work on a comprehensive national energy policy legislative package. In response to this announcement, Senate Majority Leader Trent Lott (R/MS) indicated that the Administration’s energy proposal will reach the Senate floor for debate sometime this summer. Meanwhile, no hearing schedule has been announced to discuss Senator Frank Murkowski’s (R/AK) energy bill, S.389, which was introduced last week. In the House, a series of hearings will begin this week to develop that chamber’s energy-related legislative package.

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V. HEARINGS SCHEDULE

HOUSE - APPROPRIATIONS

No hearings of interest have been scheduled.

HOUSE – AUTHORIZATIONS/OVERSIGHT

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>March 6 – Subcommittee on Energy and Air Quality (Committee on Energy and Commerce) (New)</i>	Joe Barton (R/TX)	<i>Hearing Series – Energy Policy. Focus is on views of subcommittee members (special interest on California energy crisis)</i>	TBA (most likely to include members from Western state delegations)	1:00 p.m. Room 2123 Rayburn Office Building
<i>March 6 – Committee on Veterans Affairs</i>	Chris Smith (R/NJ)	<i>Hearing – Veterans Affairs budget</i>	TBA	1:00 p.m. Room 334 Cannon Office Building
<i>March 13 - Committee on Veterans Affairs</i>	Chris Smith (R/NJ)	<i>Hearing – Authorization of Veterans Affairs healthcare facility construction projects</i>	TBA	1:30 p.m. Room 334 Cannon Office Building

SENATE – APPROPRIATIONS

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>May 1 – Subcommittee on Energy and Water Development (Updated Information)</i>	Ted Stevens (R/AK)	<i>Hearing – Proposed budget for DOE’s energy efficiency, renewable energy, science, and nuclear energy programs</i>	TBA	10:00 a.m. Room 124 Dirksen Office Building
<i>May 2 – Subcommittee on Veterans Administration, Housing and Urban Development, and Independent Agencies (New)</i>	Christopher Bond (R/MO)	<i>Budget Overview – Veterans Administration</i>	TBA	10:00 a.m. Room 138 Dirksen Office Building

<i>May 9 – Subcommittee on Veterans Administration, Housing and Urban Development, and Independent Agencies (New)</i>	Christopher Bond (R/MO)	<i>Budget Overview – National Aeronautic and Space Administration</i>	TBA	10:00 a.m. Room 138 Dirksen Office Building
<i>June 13 – Subcommittee on Veterans Administration, Housing and Urban Development, and Independent Agencies (New)</i>	Christopher Bond (R/MO)	<i>Budget Overview – Environmental Protection Agency</i>	TBA	10: a.m. Room 138 Dirksen Office Building

SENATE – AUTHORIZATIONS/OVERSIGHT

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>March 6 – Committee on the Budget (New)</i>	Pete Domenici (R/NM)	Hearing Series – President’s FY 2002 Budget Request	TBA	10:00 a.m. Room 608 Dirksen Office Building
<i>March 1 - Committee on Energy and Natural Resources</i>	Frank Murkowski (R/AK)	<i>Hearing – S. 26 authorizes DOE to impose interim limitations on cost of electricity; S. 80 directs FERC to require refunds for discriminatory or preferential rates or charges for electricity; S. 287 directs FERC to impose cost of service based on sales by public utilities at wholesale prices in Western energy market.</i>	TBA	9:30 a.m. Room 106 Dirksen Office Building

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